

# Gov's Off - Public Empl Retirement Syst Administration

## Description:

PERSI administers a Defined Benefit (DB) retirement plan mandatory for all eligible state and school district employees and for employees of political subdivisions which have elected to participate. The plan also provides separation, disability, death and survivor benefits. PERSI also administers the sick leave/medical insurance reserve for state and school retirees and the former Firemen's Retirement Fund.

As part of the GAIN SHARING Program adopted by the 2000 Legislature, PERSI established and administers a defined contribution (DC) retirement plan for 53,000 active members of PERSI. This is an entirely new plan, in addition to and separate from the DB plan, which provides a 401(k) plan option to all members who are eligible. The PERSI budget increases reflect the establishment of this new plan in FY 2001 and FY 2002. In years in which investment earning and total DB plan assets sufficiently exceed liabilities plus a one standard deviation reserve, the PERSI board may declare a portion of the excess earnings as gain sharing. When gain sharing is authorized, active members will receive their allocation in the form of a transfer into their DC account. Retirees will receive a 13th check. Employers will receive a credit against future contributions.

As a result of the gain sharing program and the new DC plan, some of the projections have been left blank pending the availability of new data and the possibility of revised performance standards.

## Major Functions and Targeted Performance Standard(s) for Each Function:

1. Provide secure retirement benefits by collecting, maintaining and distributing retirement funds as specified by law.

A. Keep 98% of employer contribution accounts receivable current.

Actual Results			
1999	2000	2001	2002
99.44%	99.02%	98.44%	99%
Projected Results			
2003	2004	2005	2006
99.40%	99.40%	99.50%	99.50%

B. Retirement contributions collected.

Actual Results			
1999	2000	2001	2002
\$288,129,000	\$304,472,000	\$251,070,000	\$336,011,000
Projected Results			
2003	2004	2005	2006
\$347,453,100	\$363,088,500	\$379,427,500	\$395,500,000

C. Pay all separation benefits within three weeks.

Actual Results			
1999	2000	2001	2002
6,386 (100%)	6,174 (100%)	7,609(100%)	8,431(100%)
Projected Results			
2003	2004	2005	2006
7,750	7,800	7,900	8,100

D. Pay all new retirees on the first of the month following their retirement date.

Actual Results			
1999	2000	2001	2002
1,432 (100%)	1,412 (100%)	1,727	1,793
Projected Results			
2003	2004	2005	2006
1,850	1,910	2,120	2,300

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### E. Benefits paid (retirement, separations, disability)

Actual Results			
1999	2000	2001	2002
\$219,600,000	\$244,892,000	\$287,037,000	\$290,067,000
Projected Results			
2003	2004	2005	2006
\$305,900,000	\$325,500,000	\$376,247,000	\$398,400,000

### F. Keep total administrative expense less than 2% of total expense.

Actual Results			
1999	2000	2001	2002
1.37%	1.34%	1.78%	2.15%
Projected Results			
2003	2004	2005	2006
1.84%	1.84%	1.84%	1.80%

### G. Keep administrative expense below .15% (15 basis points) of total asset market value.

Actual Results			
1999	2000	2001	2002
.05%	.05%	.09%	.11%
Projected Results			
2003	2004	2005	2006
.08%	.07%	.07%	.06%

- Assist our members and employer units by providing high quality service, retirement education and information.

### A. Increase ratio of members to PERSI staff by 1% per year.

Actual Results			
1999	2000	2001	2002
2,067/1 (+3%)	2,113/1 (+2.2%)	*	*
Projected Results			
2003	2004	2005	2006
*	*	*	*

### B. Active members.

Actual Results			
1999	2000	2001	2002
60,100	60,400	62,100	62,400
Projected Results			
2003	2004	2005	2006
63,900	64,900	65,900	66,700

### C. Inactive Members.

Actual Results			
1999	2000	2001	2002
17,000	18,500	18,700	18,300
Projected Results			
2003	2004	2005	2006
19,100	19,200	19,300	19,300

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D. Retired members.

Actual Results			
1999	2000	2001	2002
22,100	22,500	23,300	24,000
Projected Results			
2003	2004	2005	2006
25,000	26,000	27,000	27,800

E. Total system membership including actives, retirees, and inactive.

Actual Results			
1999	2000	2001	2002
99,200	101,300	104,100	104,700
Projected Results			
2003	2004	2005	2006
108,000	110,100	112,200	113,800

F. Number of PERSI staff FTP.

Actual Results			
1999	2000	2001	2002
48	48	56	63
Projected Results			
2003	2004	2005	2006
63		65	66

G. Estimated number of call-in customers (all three offices).

Actual Results			
1999	2000	2001	2002
63,200	65,400	86,675	73,861
Projected Results			
2003	2004	2005	2006
75,300	77,600	80,900	89,200

H. Total number of employer units.

Actual Results			
1999	2000	2001	2002
617	638	645	659
Projected Results			
2003	2004	2005	2006
665	672	678	683

I. Increase member attendance at PERSI workshops/presentations by 25% per year. \*Decrease due to field staff involvement in galena project unavailable to do presentations.

Actual Results			
1999	2000	2001	2002
1,964 (-13%)*	2,444 (+24%)	7,518	5,900
Projected Results			
2003	2004	2005	2006
6,500	8,000	9,500	10,000

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J. Keep benefit estimates within 3% of the actual benefit calculation.

Actual Results			
1999	2000	2001	2002
2.7% difference	2.0% difference	1.0% difference	2.0% difference
Projected Results			
2003	2004	2005	2006
1.0% difference	1.0% difference	1.0% difference	1.0% difference

K. Number of benefit estimates done by PERSI field representatives.

Actual Results			
1999	2000	2001	2002
6,940	7,467	8,917	9,202
Projected Results			
2003	2004	2005	2006
11,800	12,900	15,150	15,700

L. Maintain turnaround time of one week to microfilm documents.

Actual Results			
1999	2000	2001	2002
1.3 weeks	2 week	1 week	1 week
Projected Results			
2003	2004	2005	2006
1 week	1 week	1 week	1 week

M. Number of documents microfilmed during the year.

Actual Results			
1999	2000	2001	2002
197,000	189,800	190,000	200,000
Projected Results			
2003	2004	2005	2006
180,000	175,000	170,000	170,000

N. Reduce the number of manually-entered data records by 50% (to 180,000) between the years 1996 and 2005.

Actual Results			
1999	2000	2001	2002
348,000	335,731	344,200	206,400
Projected Results			
2003	2004	2005	2006
97,800	50,000	5,000	3,000

**Program Results and Effect:**

PERSI administers a Defined Benefit (DB) retirement plan and, effective in 2001, a Defined Contribution (DC) plan providing secure, long-term retirement benefits for career public service employees. PERSI's members and beneficiaries receive direct benefits through retirement, disability, and death benefit programs.

Taxpayers benefit from PERSI programs because:

- 1) The DB plan helps to attract and retain public employees, creating a more stable workforce to provide needed public services more reliably.
- 2) PERSI's pooling of risks and benefits over a large employee/employer base provides economies of scale, as well as consistent professional management of assets and benefits.
- 3) The structure of the DB plans provides retirement benefits to career employees in a cost-effective manner. Gains from favorable investment results are returned to employers/employees in the form of stable contribution rates. Beginning in 2001, if approved by the PERSI board, excess gains will be distributed to employees, retirees and employers per Gain Sharing legislation.
- 4) The DB plans replace a portion of public employees' income after retirement. By providing guaranteed benefits, these plans help PERSI's retirees to be financially self-sufficient, and therefore, less likely to be dependent upon public welfare programs. The DC plan provides an additional and portable option for employees to build a secure retirement.

PERSI's Retirement Board, as well as the entire agency, exists for one reason: to service the interests of the system's beneficiaries. As fiduciaries, PERSI is entrusted to prudently and accurately collect, invest, maintain, and distribute retirement funds as specified by law.

For more information contact Jim Monroe at 334-2451, ext. 231.

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### Portfolio Investment

#### Description:

The purpose of the investment of the Trust assets is to provide funds to meet the liabilities of the Public Employee Retirement System of Idaho (PERSI) while incurring the appropriate amount of risk consistent with attaining that goal.

#### Major Functions and Targeted Performance Standard(s) for Each Function:

##### 1. Investment of the PERSI Trust assets.

##### A. Meet 8% long-term hurdle rate of return on investments.

Actual Results			
1999	2000	2001	2002
11.60%	13.30%	(6.06%)	(7.1%)
Projected Results			
2003	2004	2005	2006
8.00%	8.00%	8.00%	8.00%

##### B. Annual portfolio investment income based on market value, net of fees.

Actual Results			
1999	2000	2001	2002
\$638,351,800	\$828,897,800	(\$460,395,100)	(\$495,024,200)
Projected Results			
2003	2004	2005	2006
\$720,124,000	\$798,000,000	\$845,500,000	\$887,000,000

##### C. Ending portfolio market value.

Actual Results			
1999	2000	2001	2002
\$6,355,646,000	\$7,238,590,000	\$6,671,501,000	\$6,227,219,000
Projected Results			
2003	2004	2005	2006
\$6,500,000,000	\$7,300,000,000	\$8,200,000,000	\$8,850,000,000

##### D. Number of investment fund managers at year-end.

Actual Results			
1999	2000	2001	2002
28	32	34	36
Projected Results			
2003	2004	2005	2006
38	39	40	41

##### E. Number of investment fund managers hired/fired during the fiscal year.

Actual Results			
1999	2000	2001	2002
3/0	4/0	2/0	3/1
Projected Results			
2003	2004	2005	2006
2/0	1/0	1/0	1/0

##### F. Keep risk (three-year standard deviation of return) at or below 12.5%.

Actual Results			
1999	2000	2001	2002
11.40%	12.40%	11.80%	13.00%
Projected Results			
2003	2004	2005	2006
13.50%	13.50%	13.50%	13.50%

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G. Keep contribution rate stable (with any increases due only to benefit plan enhancements). \*Continue temporary decrease 1% permanent..

Actual Results			
1999	2000	2001	2002
Temp decrease*	Stable	Stable	Stable
Projected Results			
2003	2004	2005	2006
Pending	Pending	Pending	Pending

H. Employer Contribution Rate.

Actual Results			
1999	2000	2001	2002
9.77%	9.77%	9.77%	9.77%
Projected Results			
2003	2004	2005	2006
Pending	Pending	Pending	Pending

I. Employee Contribution Rate.

Actual Results			
1999	2000	2001	2002
5.86%	5.86%	5.86%	5.86%
Projected Results			
2003	2004	2005	2006
Pending	Pending	Pending	Pending

J. Reduce the amortization period for the unfunded liability on or ahead of the adopted schedule.

Actual Results			
1999	2000	2001	2002
full funding	full funding	12.9 years	40.7 years
Projected Results			
2003	2004	2005	2006
Pending	full funding	full funding	full funding

K. Pay retirees the maximum Cost of Living Allowance (COLA) allowable by law.

Actual Results			
1999	2000	2001	2002
1.60% (max.)	3.4% (max.)	2.7%	1.0%/1.8%
Projected Results			
2003	2004	2005	2006
100% of CPI	100% of CPI	100% OF CPI	100% of CPI

**Program Results and Effect:**

The primary funding goal of PERSI is to maintain a well-funded system along with assuring stable contribution rates for employee and employer members, while granting annual Cost of Living Adjustments (COLAs) to retirees. In years with excess investment earnings, Gain Sharing may be declared by the PERSI board. Gain Sharing is then distributed to retirees, members and employers.

For more information contact Jim Monroe at 334-2451, ext. 231.